

January 4, 1994

Assessment "Lag" Repealed

STATE OF MICHIGAN

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DEPARTMENT OF TREASURY

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STATE TAX COMMISSION

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DATE: January 4, 1994

TO: Assessing Officers  
County Equalization Directors

FROM: State Tax Commission

RE: 1994 Assessments and County and State Equalization

1993 PA 313 repealed the 1994 assessment "lag".

This bulletin supersedes those parts of previous STC Bulletin No. 4, dated October 11, 1993 and STC Bulletin No. 5 dated October 14, 1993 regarding the procedures for 1994 assessments and equalization. The following information outlines the requirements for 1994:

1. Traditional 1993 studies will be utilized for 1994 county and state equalization. The 1993 L-4018's for 1994 equalization shall incorporate the ratios and true cash value determinations from the traditional 1993 studies. These will also be the starting line 01's for the 1994 L-4023's.
2. The one year "lag" has been eliminated. 1993 PA 313, signed with immediate effect by the Governor on December 28, 1993 amends 211.2 MCL by repealing the "valuation day" (one year prior to tax day) that was established by 1993 PA 145. This eliminates the "valuation lag" for 1994 assessments. Tax day for 1994 assessments for both the status and valuation of the property is December 31, 1993. The 1994 assessments should be based on the traditional 24 month study, except for those situations where a 12 month study applies.
3. PA 313 does NOT provide for a notice of a 1995 assessment increase to be sent to a taxpayer in February of 1994. MCL 211.24c is not amended, and the law regarding the notice of assessment increase required to be sent by a township or city remains the same as it was for 1993 assessments.
4. The changes to the method of valuation established by the "lag" as regards personal property have been repealed by 1993 PA 313. For 1994 assessments, personal property valuation procedures will be the same procedures as were used in previous years. The .96 trending multiplier discussed in Bulletin No. 4 of 1993 and dated October 11, 1993, will not be used. 1993 acquisitions will receive the first year multiplier of the appropriate personal property multiplier schedule just as was done in the past.

Because 1994 Personal Property forms were required to have 16 lines on the main reporting schedule rather than the usual 15, the last two lines of this schedule will receive the same multiplier, e.g., .30 for the average-lived

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schedule. The same is true of the computer equipment schedule which has eight lines rather than the usual seven lines

Assessors should be alerted to review personal property statements for use of incorrect multipliers.

5. There are now two definitions of a homestead for purposes of property tax exemption pertaining to 1994 taxes. Which definition becomes applicable for 1994 will depend on whether or not the March 15, 1994 ballot proposal is approved by the electorate. If the Ballot Proposal passes, the definition of a homestead property in 1993 PA 312, signed on December 29, 1993 with immediate effect, will apply. Otherwise the definition of homestead property contained in 1993 PA 331 will apply. In either case, there will be a homestead property tax exemption from part of millages levied for schools in 1994. Under either definition of homestead, the following will be true.

The homestead property tax exemption provided for in 1993 PA 331 (State Education Tax Act) or in 1993 PA 312 (the School Code), does not affect the 1994 assessment of homestead property. Each version provides for an exemption to be applied to specific millage rates utilized on the 1994 TAX ROLL AND NOT TO THE 1994 ASSESSMENT ROLL.

Again, 1994 assessments of homestead property shall be assessed at the required percentage of value, the same as all other property on the assessment roll, without reduction for any homestead exemption. The Property Tax Division is now developing a form (affidavit) for use in identifying qualifying homestead property, and is holding meetings with assessors and equalization directors regarding this form. This subject will be addressed in detail in subsequent bulletins. The Michigan Department of Treasury will administer the homestead exemption.

6. Senate Joint Resolution S will become a ballot proposal and will be placed on a ballot before the electorate on March 15, 1994.

This proposal includes a "cap" on assessment increases of five percent or the consumer price index, whichever is the lesser, starting with 1995 assessments. Please note that this "cap" will not become law unless approved by the electorate and will NOT be applied to 1994 assessments. If passed, this "cap" would become effective beginning with 1995 assessments.

7. The fact that the election for the ballot proposal has been scheduled for March 15, 1994 has caused a great deal of concern among property tax administrators, because this date conflicts with the operation of the March boards of review.

It is our understanding that the legislature is aware of this problem and is considering legislative action to remedy the situation.

Please notify all assessors in your county of these changes for 1994 assessments.